Terrorist outfits operating in stock market

1115. SHRI PYARELAL KHANDELWAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Indian stock market is being manipulated by terrorist outfits, if so, the details thereof;

(b) if so, what are the reasons behind frequent fluctuation of stock market; and

(c) whether Government has any comprehensive plan/strategy to make stock market stable?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) SEBI has informed that there is no evidence of the participation of terrorist outfits in the stock market.

(b) Does not arise in view of answer to part (a) above.

(c) The authorities do not try to manage or control movement of stock indices. They have put in place systems and practices to promote a safe, transparent and efficient market and to protect market integrity. The systems instituted include advanced risk management mechanisms comprising on-line monitoring and surveillance, various limits on positions, margin requirements, circuit filters, etc. The systems and practices are reviewed continuosly and modified to meet emerging needs. Measures taken to broaden and deepen markets include screen based trading system, dematerialization of securities, corporatization and demutualization of exchanges, settlement through clearing corporation, trading in derivatives, etc.

Inspection of companies under section 209A of the companies act

1116. DR. V. MAITREYAN: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) how many companies were inspected under Section 209A of the Companies Act during the last five years, year-wise;

(b) why all listed companies whose shares are quoted below par are not being inspected under the Act since public investors have lost their capital in these companies; and

(c) what steps are being taken to rectify the system to give relief to investors?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) Details of the number of inspections conducted by the Ministry of Corporate Affairs during last five financial years are as under:—

Year	Number
2002-2003	150
2003-2004	109
2004-2005	197
2005-2006	253
06-2007	221

(b) The value of shares of listed companies is subject to the operational performance of the company as well as market risks. Inspections under section 209A of the Companies Act 1956 of the books of accounts of the company are generally ordered to ascertain compliance by the company with the provisions of the Companies Act 1956. Since, the price of a security/share ruling below par does not necessarily imply violation of the law but may be a reflection of several other factors, inspection under the provisions of Companies Act, 1956 in all such cases is not warranted.

(c) The Securities Exchange Board of India (SEBI), has been set up under the Securities Exchange Board of India Act, 1992, as amended from time to time, to provide for the establishment of a Board to protect the interests of the investors in securities and to promote the development of, and to regulate, the securities market and for matters connected therewith or incidental thereto. SEBI is carrying out market regulation in the interest of investors and other stakeholders in accordance with the said Act by prescribing appropriate guidelines for observance by all participants in the capital market.

In addition, the Companies Act, 1956 provides for a legal framework for corporate governance that enables the shareholders of a company to participate in decision making in a company in a democratic manner. The Companies Act, 1956 also provides a framework for prepration and disclosure of financial information of a company.

To enable redressal of investors complaints a system for facilitating investors and depositors to electronically lodge their complaints, with the Government has been put into place through the website of Ministry of Corporate Affairs(www.mca.gov.in). The Ministry of Corporate Affairs has also, sponsored a website viz. ***www.investorhelpline.in*** under the Investor Eduction and Protection Fund (IEPF) administered by it. The website is operated by MIDAS, a Non-Governmental Organisation (NGO), and enables follow up of the grievance with the concerned companies/authorities.

Overseas acquisitions by Indian companies

1117. SHRI N. R. GOVINDARAJAR: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether Government proposes to formulate a liberal policy to promote Indian companies for acquisition/merger;

(b) if so, the details therefor; and

(c) the number of mergers and acquisitions carried out by Indian companies both in the country and abroad during each of the last three years?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) and (b) A new Companies Bill, containing, *inter-alia*, proposals for streamlining the process of mergers and acquisitions by companies in India, is under preparation and will be introduced in the Parliament in due course.

(c) The information is being collected.